



## City of Cincinnati Board of Health Finance Committee

**Tuesday, April 21, 2020**

Ms. Schroder, Chair of the Board Finance Committee, called the April 21, 2020 Finance Committee meeting to order at 3:30 PM.

### **Roll Call**

**Members present:** Kate Schroder, chair, Amar Bhati, Robert Brown, Dominic Hopson, Phil Lichtenstein, Melba Moore.

Topic	Discussion	Action/Motion
<b>Approval of Minutes</b>	<p>The Committee Chair asked the Committee members if everyone had the opportunity to review the minutes from the last meeting.</p> <p><u>Motion:</u> That the Board of Health (BOH) Finance Committee approve the minutes of the March 19, 2020 Board of Health Finance Committee Meeting.</p>	<p><u>Motion: Schroder</u>  <u>Second: Bhati</u>  <u>Action: Passed</u></p>
<b>Review of Contracts for April 28, 2020 BOH Meeting</b>	<p>The Chair began the review of the contracts that will go to the BOH for approval.</p> <p><b>Interact for Health</b> – This accounts receivable grant from Interact for Health over a 3-month period to support retention of dentists, access to emergency care, and promotion of tele-dental during the COVID-19 public health response. The amount is \$100,000 and the term is from April 27, 2020 to July 27, 2020.</p> <p>Commissioner Moore walked through the grant and answered questions from the Committee. When it was determined that some CHD employees would be put on Temporary Emergency Leave (TEL), Commissioner Moore had a conversation with Dr. Owens to support our emergency dental services, and he graciously agreed.</p> <p><u>Motion:</u> That the Board of Health Finance Committee recommend approval.</p> <p><b>Interact for Health</b> – This accounts receivable grant is from Interact for Health over a 3-month period to provide support such as food, gas, and other necessities to the Cincinnati Recreation Center (CRC) which is currently being re-purposed as a quarantine facility for individuals who may have been exposed to COVID-19 and are experiencing</p>	<p><u>Motion: Schroder</u>  <u>Second: Bhati</u>  <u>Action: Passed</u></p>

	<p>homelessness. The amount is \$10,000 and the term is from May 6, 2020 to August 6, 2020.</p> <p>Commissioner Moore walked through the grant and answered questions from the Committee. At a meeting with the Mayor and agencies working with the homeless population, it was clear that these agencies did not have the capacity to work with homeless persons who tested positive for COVID-19. The Mayor decided to set up the quarantine center for at the Over-the-Rhine recreation center to help these people. During the conversation with Dr. Owens, Commissioner Moore said that CHD needed funds to help with the transport of these individuals to the quarantine center. Dr. Owens said to use the \$10,000 not just for transportation, but for food, gas, and other necessities.</p> <p>The Chair asked who was staffing the quarantine center? Commissioner Moore said CHD's school-based health center nurses were repurposed to staff the center.</p> <p><u>Motion:</u> That the Board of Health Finance Committee recommend approval.</p> <p><b>Greater Cincinnati Foundation</b> – This accounts receivable grant award is from the Greater Cincinnati Foundation and will support CHD operating three dental centers during the COVID-19 epidemic for the purpose of providing emergency dental services to the community. The amount is for \$50,000 and the term is from April 20, 2020 to May 20, 2020.</p> <p>Ms. Nancy Carter walked through the grant and responded to questions from the Committee. CHD became aware of this funding after the Interact grant funding. We applied and were awarded the grant to cover the salary of dental during this time. The Chair stated that it is encouraging to have this support.</p> <p><u>Motion:</u> That the Board of Health Finance Committee recommend this grant to the Board of Health.</p> <p><b>Boys and Girls Clubs of Greater Cincinnati</b> – The Crest Smile Shoppe Dental Center is housed in the US Bank Boys &amp; Girls Club at 612 Rockdale. The building is owned by the Boys &amp; Girls Club. Since it was built in 2001, the Cincinnati Health Department has paid the Boys and Girls Club rent through a lease to cover the cost of maintenance, cleaning, heat, power, and light. The lease needs to be extended in order to pay them in July for the next fiscal year. That is the purpose of this amendment. This amendment allows the Cincinnati Health Department to pay the Boys &amp; Girls Club \$25,000 per year for the next three years.</p> <p>The amended amount is for \$75,000 and the new term is July 1, 2020 to June 20, 2023.</p>	<p><u>Motion: Schroder</u> <u>Second: Brown</u> <u>Action: Passed</u></p> <p><u>Motion: Schroder</u> <u>Second: Bhati</u> <u>Action: Passed</u></p>
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	<p>Ms. Nancy Carter walked through the lease and responded to questions from the Committee. CHD has been operating a dental center out of the Boys and Girls Club space since 2001. The build out was paid for by Procter and Gamble. At that point, CHD agreed to pay a yearly amount to the Boys and Girls Club to pay for the additional operating costs of the building.</p> <p><u>Motion:</u> That the Board of Health Finance Committee recommend approval.</p>	<p><u>Motion: Schroder</u>  <u>Second: Bhati</u>  <u>Action: Passed</u></p>
<b>Update on the City Budget</b>	<p>Mr. Domonic Hopson reviewed two financial projection models, saying the second model is more accurate. It projects a revenue loss of \$641,000. The main contributing factors are the closure of the dental clinics and the school-based health centers (SBHC). Providers are trying to see patients virtually, in our community-based health centers (CBHC), and in the four SBHC that are still opened. Both vision centers are also closed. Fund 395 has been challenging all year. COVID-19 is a worst-case scenario for us. Have been applying for multiple grants to help alleviate some of this. CHD received \$1.6 million from HRSA that is extremely specific about its requirements, and we may not be able to draw down the full 1.6M during this fiscal year.</p> <p>Projections in the white paper show a \$2.7 million shortfall in Fund 395. It does not include the \$1.6 million from HRSA, and it is expected that potentially \$1 million could be used toward COVID-related expenses within the overall shortfall. CHD is also pursuing other grants to reimburse us for some of our COVID-19 related activities. Many nurses and medical assistants have been repurposed from revenue generating positions to working on COVID-19 activities. Through April 4, we had already had over \$600,000 in salary for COVID-19 related activities.</p> <p>Mr. Andrew Dudas in the City's Office of Budget and Evaluation stated that there is a structural imbalance in Fund 395. Fund 395 cannot run a deficit at the end of the fiscal year. If we are projecting a \$2.7 million shortfall, we need to find that amount of money to make the Fund positive. CARES act is providing stimulus money through the Community Development Block Grant (CDBG) program for COVID-19 activities. CHD and the budget office are looking to see what can be reimbursed from those funds. We must be careful not to double count things. White paper discusses some expenditure side items including the TEL.</p> <p>The Chair asked if the CDBG funds were part of the ~\$140 million that was received by Hamilton County? Mr. Dudas replied that the ~\$140 million is separate, and it hasn't been determined if the City would receive any of that. The Chair asked how much could CHD realistically expect and when would we know? Mr. Dudas said it is hard to determine until we know exactly what your expenses are, and we don't know how long this will continue. We are actively tracking COVID-19 expenses to decide which expenses are eligible and how to match those up with a funding source.</p>	

	<p>Mr. Hopson recommended considering additional furloughs in areas where we now have excess capacity with the closed centers, which is similar to what other FQHCs are doing.</p> <p>Mr. Brown asked if these cuts jeopardize our current operations and noted that additional pressure will be put onto CHD to do additional testing and tracing. Mr. Hopson said that COVID-19 is impacting African-Americans more than others and 65 percent of our patients are African-Americans. Yes, this would impact our operations, and we are in an exceedingly difficult situation. We need to assist the City in finding ways of balancing the budget. There are not many options and we need to meet our obligations at the end of the year.</p> <p>The Chair asked for clarity on the size of the gap that needs to be closed. Current revenue is expected to be \$18 million with expenses expected at \$20.7 million leaving a gap of \$2.7 million. Additional revenue to offset the gap is still being determined. Mr. Dudas stated that repurposed employees would most likely be \$750,000 – which would be reimbursed through the CDBG. Some non-personnel costs would be reimbursable as well. Mr. Hopson said he is working through the HRSA issues. Hopefully, at least a \$1 million can be drawn down this fiscal year bringing us down to \$1.7 million. Need to work with the medical team on how much we can reduce without damaging care to our patients.</p> <p>Dr. Lichtenstein stated that this conversation is going on in every provider setting across the county as people are not coming into the office. Would it be better to ask each of our providers to work 60 percent and take a 40 percent furlough to keep everyone working? Mr. Hopson stated he is certain that some providers will voluntarily take a furlough and then others could be asked about accepting a partial furlough. Dr. Bhati asked how long it would take Mr. Hopson to develop a plan regarding voluntary furloughs and partial furloughs for others? Mr. Hopson stated the longest piece would be communicating with the staff. He wanted to make sure he had the support of the Board before moving forward.</p> <p>The Chair stated that between CDBG and HRSA, it seems that \$2 million of the gap may be covered. It seems that we're looking at a smaller gap than thought. Some of the gap would also be covered by the current TEL. Next, offer voluntary TEL to staff and then, if still necessary, the partial furloughs. It's a short-term issue. We need to be able to respond when the clinics reopen so we can meet the needs of our patients and the community. We need clarity as to what the actual gap is. Let's exhaust every option – maybe even lobbying the county for some of their CARES relief money – before looking at more staff reductions. Mr. Hopson stated that the projections were based on limited data as CHD has only been functioning at the reduced level for a limited period. As we have more time, our estimates will improve, however, timing is sensitive since we are so close to the end of the</p>	
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	<p>fiscal year. The Chair and committee reiterated the importance of updating the projected gap given the expected additional revenue before making any final decision on best measures to address it..</p>	
<p><b>Financial Update</b></p>	<p>Mr. Dominic Hopson presented the financial update. There are two pressing issues moving forward. The City has asked that we present a budget plan for the upcoming fiscal year with a 25 percent reduction – about \$4.6 million. This was presented Monday. There will be opportunity to go before City leadership and make our case for how we will need those employees to fulfill our mission.</p> <p>One reason we are having the discussion about Fund 395 now is because of how tight that fund is. For the last fiscal year, revenue projections were overstated, and last fall, steps were taken to bring expenses in line with the revenue projections. Prior to COVID-19 coming in, the City asked for a 10 percent reduction in Fund 395 for the new fiscal year. We covered that by not filling vacant positions. But we still needed \$2 million more as we are projecting our revenue for the next fiscal year as closer to \$21 million rather than \$23 million. Now with COVID-19, CHD has been asked to present the City with a 25 percent cut.</p> <p>Mr. Dudas stated that Fund 395 needs to address the known structural balance. The initial ten percent reduction request was an attempt to bring that fund into balance. In terms of general fund support, previously CHD received some direct support from the general fund. Due to some accounting changes at the state level regarding boards of health, Fund 416 was established for the Cincinnati Health District. Most of that fund is general fund money and the City will continue to support that. Due to the COVID-19 impact on our income tax revenue – 70 percent of City revenue comes from income tax – through the end of the year we are estimating a loss of about \$20 million and estimating for FY21 another \$80 million loss. To address that, the City asked every general fund department to develop a budget with up to 25 percent reduction scenarios. Through those scenarios, there's enough there to close the \$80 million budget gap. The City expects this is the worst-case scenario and understands the need for flexibility to adjust in response to evolving circumstances.</p> <p>The Chair stated that there are many unknown factors including the possibility of federal stimulus funds. Mr. Dudas said it is hard to tell what is possible. Council may choose to dip into some of the City's reserves. The Chair stated that health departments in the time of a pandemic are being asked to do much more. Need to build flexibility in to make sure that as things open, CHD can meet the needs. Many of the positions are medical positions which are revenue drivers. As Mr. Brown pointed out, there will be so many more people who lost their insurance and need our assistance.</p> <p>Dr. Lichtenstein asked how much worse do things have to get before the City dips into its \$150 million public health emergency funding</p>	

	authorization? Mr. Dudas stated that's a possibility. Understanding that we have only secured a line of credit for \$50 million. The Mayor and Council will make the decision about when to use those funds.	
<b>Conclusion</b>	<p>Mr. Lawniczak stated that the process developed by the Law Department to allow for public comment is that questions were to be emailed to him during the meeting (which was livestreamed on CitiCable). There were no questions.</p> <p>The Chair stated that the action items were for the next meeting. Both will be impacted by the pandemic. She will touch base with Mr. Hopson to determine the best time to talk about these two items.</p>	

Meeting Adjourned 5:02 p.m.  
Next Meeting May 19, 2020 at 3:30 p.m.  
Minutes prepared by Jon Lawniczak